

VALASSIS NSA	Docket No. MC2012-14 Docket No. R2012-8
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RESPONSE OF TRIBUNE COMPANY TO NOTICE OF INQUIRY NO. 1

TRIBUNE COMPANY is one of the country's leading multimedia companies, operating businesses in publishing, interactive and broadcasting. In publishing, Tribune's leading daily newspapers include the *Los Angeles Times*, *Chicago Tribune*, *The Baltimore Sun*, *Sun Sentinel* (South Florida), *Orlando Sentinel*, *Hartford Courant*, *The Morning Call* and *Daily Press*. Newspapers play a critical role in our society—keeping citizens informed, holding our elected officials accountable, and preserving democracy. The depth of coverage provided by local newspapers simply cannot be replicated by any other media: print, broadcast or online.

Tribune Company submits this declaration in support of Newspaper Association of America's (NAA) Response to Notice of Inquiry No. 1

Tribune Company reiterates our opposition to the proposed NSA between Valassis and the Postal Service. The proposed discounted rate could disrupt the competitive landscape in the markets served by Tribune and could negatively impact business operations and the ability to serve those communities. The Valassis NSA specifically targets newspaper industry's Free Standing Insert (FSI) advertising business. This advertising category is very significant for all newspapers, and has been the most stable, declining at a slower rate than other advertising categories.

Newspapers may have reduced the amount of mail they've generated in the last few years, as have most other industries. Targeting one industry is an unfair response to a global postal issue. Newspapers are still important postal customers. Tribune Company alone paid more than \$65 million in shared mail postage in 2011.

Response to Questions

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 18% of total advertising revenues (including ROP, classified, and digital advertising), 20% of total print advertising revenue, and 61% of total preprint advertising revenue.
2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 20% of total advertising revenues (including ROP, classified, and digital advertising), 22% of total print advertising revenue, and 62% of total preprint advertising revenue.

3. Tribune Company distributes Total Market Coverage products to non-subscribers in the major consumer markets of Los Angeles, Chicago, South Florida, and the Eastern Seaboard. These TMC products are distributed both mid-week and Saturday and contain advertising inserts from a variety of retailers. For fiscal year 2011, we estimate that we distributed 323 million TMC advertising packages displaying durable and semi-durable goods from national retailers via the Postal Service and 145 million packages via private delivery carriers or through other delivery methods.

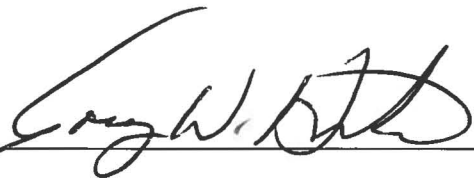
4. For fiscal year 2010, we estimate that we mailed approximately 360 million packages of TMC product for which we paid the Postal Service approximately \$70 million.

5. For fiscal year 2011, we estimate that we mailed approximately 323 million packages of TMC product for which we paid the Postal Service approximately \$65 million.

6. We estimate that the Postal Service will lose approximately \$25 million from our TMC postage if the Valassis NSA is approved.

At risk revenues for Tribune newspapers alone are estimated to be \$170 million in advertising revenues. The significant postage discounts offered in the NSA will either result in lost business, or advertiser rate reductions so severe as to render the FSI category virtually unprofitable. Newspapers will be forced to implement severe expense reductions, including moving more mail delivery to private carriers in order to keep the FSI advertising category viable. These actions alone are likely to offset any postage revenue gains the USPS hopes to realize as a result of the NSA. Other expense actions will certainly impact editorial coverage, to the detriment of local communities across the U.S.

I declare under penalty of perjury, the foregoing is true and correct,

A handwritten signature in black ink, appearing to read "Tony W. Hunter", is written over a horizontal line.

Tony W. Hunter
CEO
Tribune Publishing
435 North Michigan Ave.
Chicago, IL 60611
312-222-6584

Executed on June 28, 2012